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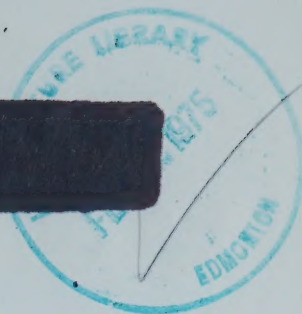
Executive

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Submission by the Grande Cache Chamber of
Commerce to the Government of th 1



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SUBMISSION BY THE
GRANDE CACHE CHAMBER OF COMMERCE

TO THE
GOVERNMENT OF THE PROVINCE OF ALBERTA

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1.

PRE-AMBLE:

On January 30, 1973, McIntyre Porcupine Mines Ltd., announced plans to improve production and effect economics at its Smoky River coal properties at Grande Cache.

Over the past three years the New Town of Grande Cache has experienced tremendous growth coupled with inherent problems both social and economic.

Though the decision to effect these economics should show a marked improvement within the industry itself, it has and will have drastic effects both for the short term and long term development of the community of Grande Cache.

Assessment by the industry of their position, together with a re-consolidation of their mining activities, has focused the realization that our community must as well make a thorough assessment of our own situation.

We acknowledge the McIntyre Porcupine decision was made giving considerable thought to the well being of our Town, however, we are not naive enough to believe that the decision did not give first, consideration to Company goals and second, to commerce and community goals, and third, Provincial goals.

Our Chamber, represented by the Grande Cache community, have adopted a philosophy of action, not one of re-action.

We are sincere in our efforts contained in this submission to approach and develop a positive attitude on behalf of all our community and work collectively with Industry, Municipal, Provincial and Federal Governments, towards long term solutions to the problems we face at this time.

We respectfully request that our submission be received within the concept noted above, and ask your indulgence on its content, realizing there is a great deal of information unavailable to us at this time.

Our written submission may be regarded as a community expression of concern; those who do not share our position are noted herein.

In efforts to re-establish confidence in the growth of our community, both within and outside our town, we would ask that respective parties supply us with written confirmations to possible alternatives that might be suggested or further explored.

Yours truly,

Executive Committee:

Lloyd O. Bossert,
President,
Grande Cache Chamber of Commerce.

A. Sprecher,
Vice-President,
Grande Cache Chamber of Commerce.

V. Beland,
Vice-President,
Grande Cache Chamber of Commerce.

11.

HISTORY - NEW TOWN OF GRANDE CACHE.

On recommendations prepared by the Provincial Planning office, Department of Municipal Affairs, the Provincial Cabinet approved Order-In-Council #160566 on September 1, 1966, creating the New Town of Grande Cache.

Contained in the recommendations were the following significant points:

- (A) That the "New Town of Grande Cache" be established effective September 1st, 1966.
- (B) That the boundaries of the New Town include in unsurveyed Township 57, Range 8, West of the 6th Meridian: All of Sections 2, 3, 4 and all that portion of Section 5 which lies to the east of the centre line of Smoky River, and in unsurveyed Township 56, Range 8, West of the 6th Meridian:
All of Sections 20, 29, 33, 34, 35 and all those portions of Sections 17, 18, 19, 21, 26, 27, 28, 30, 31 and 32 which lie to the East of the centre line of Smoky River and to the North of the centre line of Sulphur River and all road allowances as herein before set out.
- (C) The Board of Administrators be appointed by the Lieutenant Governor in Council in the following manner:
 - 1. Two members, one of whom shall be Chairman of the Board, and both of whom shall be Public Servants of the Province.
 - 2. At a later date such other public Servants and local residents as he may be pleased to appoint.
- (D) The Board of Administrators shall make recommendations at the appropriate time in respect of:
the advisability of reconstituting the Board of Administrators to increase the number of members to be elected by the electors of the New Town.
- (E) Before an election takes place, that the Lieutenant Governor In Council make regulations, in accordance with Section 6(3) of the New Towns Act, specifying the terms to be served by the elected members of the Board of Administrators.

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(F) In accordance with the provisions of Section 20 of the New Towns Act, the planning and development proposals for the New Town be prepared by Officers and Servants of the Provincial Planning Board.

* Report of the Provincial Planning Office to the Executive Council, August, 1966 (C49.32).

•• NEED FOR NEW TOWN:

Urban development of the New Town of Grande Cache was needed stated the Provincial Planning Branch report dated September, 1966 in order to facilitate development of coal resources in our locality.

At least three companies are interested in mining prospects in the area, two of these being in the exploratory stage. The third, McIntyre-Porcupine Mines Ltd., has already leased an extensive area of land, about 31,500 acres, stated the report.

The Company will possibly have an initial contract of ten years with Japanese interests for coal extraction. Initially, one and a half million tons of coal will be produced; this will be raised to about three million tons within three years.

The work force needed will at first be some 700 men; by 1973 about 900 men, and possibly at a later stage some 1,100 men.

AERIAL EFFECTS OF NEW TOWN ESTABLISHMENT:

- (1) Power will be needed for mining operations and for the town itself.
- (2) To exploit the timber resources to the North, for instance, a pulp mill might be established in or near the Town.
- (3) Utilization of 'coal by-products might be considered.
- (4) There may even be possibilities for a locally based iron and steel industry.
- (5) Once a basic industry has been developed, there remains greater possibilities of exploration for other resources.
- (6) Improved communications - the road and the railway - may also give some emphasis to the tourist industry. It would be advantageous to concentrate such development within the Town itself; a secondary source of income would thus be assured for the Town.

PROOF OF BEING ECONOMICAL AND IN THE PUBLIC INTEREST.

(a) Resources and Resource Development.

1. Water Resources

Proposed network of dams and reservoirs which would regulate water flow, control flooding, reduce pollution, divert stream flow under study by the Water Resources Branch of the Alberta Department of Agriculture.

2. Forestry

Over an 80 year sustained yield basis, annual potential production of pulp is estimated to be 153,800 cords.

Similarly on a 120 year basis, the annual potential production of saw timber is 37,400 thousand b.f.m.

Pulpwood, in general, refers to trees four to nine inches in diameter and saw timber, in general, refers to trees ten inches and over.

The major locational factors of water supply and reasonable centrality within the lease area would allow for location of a pulp mill in this area.

Operation of two mills in this area depends not only upon the available timber supply but also very much upon the current and future markets. The improvement of the transportation facilities between Hinton and this area would be of prime importance in a potential pulp mill operation in this location.

3. Minerals

Oil & Gas:

The present production of these resources does not and should not in the immediate future affect a new town in this area.

Coal:

Smoky River - Sheep Creek Region:

Possible tonnage, semi-anthracite and semi-bituminous -----	58,500,000 tons
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Possible tonnage, bituminous -----	7,000,000,000 tons
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Total	<u>7,058,500,000 tons</u>
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Gypsum:

Large deposits of gypsum exist near the Alberta - British Columbia border in this area. The construction of both railway and road into the area may improve the possibility of the economic extraction of gypsum.

Tourism & Recreation:

Golf Course - An area close to the Town site could be developed for such use. Swimming and boating facilities could also be exploited.

Winter sports have a tremendous potential, particularly in the sport of skiing. Edmonton, with an approximate population of 350,000 has one of the largest ski clubs numerically, in Western Canada. Therefore, ski development could be supported in the area. Reliable sources indicate that this area has tremendous potential because of its relative proximity to a large population and because of its immediate development potential.

Wildlife Resources:

The annual harvestable potential is approximately three times the present harvest. Hunters currently spend approximately \$1,600,000.00 while hunting in this general region.

Game division questionnaires indicated that approximately 15% of the hunters who purchased licenses hunted in this region. Assuming an equal percentage for anglers that come into the area, approximately 18,000 of the 120,000 sports fishermen in Alberta might frequent this area.

** Provincial Planning Report, DMA, August 1966.

** Population Estimates:

The population estimates given here are for some time after 1973 when the labour force will have reached its possible ultimate strength, and the Town's population will be more or less stabilized. Data on labour force have been supplied by Companies who might be concerned with specific developments; Calgary Power Ltd., McIntyre Mines, MacMillan Bloedel & Powell and Northwest Pulp & Power Ltd. Estimates of the population structure are based on the 1961 census, the area used for comparative purposes being Census Division 14.

Labour Force

Occupation	Number of Men Involved		
	1970	1973	Ultimate
Coal Mining	700	900	1,100
Possible Pulp Mill Operation	-	200	200
Possible Thermal Power Plant	40	40	70
* Service Employment	+ 185	285	345
Total	925	1,425	1,715

* Service employment includes sales, services and recreation, transportation and communications. Numbers are based on the percentage of labour force so employed - approximately 20 percent - in the Towns of Edson, Hinton, Whitecourt, Ft. McMurray and Drayton Valley.

** Possible Structure of the Ultimate Population:

Single Males	-	685
Married Males	-	1,030
Dependents of Married Males.	-	3,190
		4,905

** Provincial Planning Report - Dept. Municipal Affairs, August 1966.

111.

PRESENT SITUATION:

1. McIntyre - Porcupine Mines Ltd.

The decision made by the Company January 30, 1973 to close Mine No. 5 has, by Company admission, meant 150 fewer jobs. Neither the Company or the Town at this time can estimate the effect this will have on our Town's population until the ratio of single/married employees effected is known.

It is estimated, however, some 600 people will be effected without consideration to the possible service industry reduction.

There will be a payroll reduction of some \$1,744,000.00 to the Town's economy.

School enrollment will certainly be effected in Pre-school, Elementary and Jr. Sr. High; possible loss to the Town through the Foundation Grant is nebulous.

In no way can we minimize the socialological effects this decision has brought. Evidence to date indicates that employees effected by demotion, re-assignment of areas and supervisors will, in fact, mean an appreciable number of employees and their families displaced above the 150 figure.

There are in addition many other short term effects and unknown variables at this time which will have long term ramifications to our Town's social and economic base.

None, however, are perhaps as significant as the change of emphasis now being signalled by the industry. That of shifting from a labour intensified industry to technological production.

Through simple mathamatic equation it is obvious that the open pit mine (No. 8) being developed by McIntyre-Mannix can produce in excess of one-half the present contract needs of the Company.

Present plans by the Company call for Mine No. 9 to be developed in 1973-1974 as an open pit operation. In addition, the underground Mine No. 2 is to be obsolete in 1974 - early 1975.

The recent decision to improve operations reduced the number of employees from 786 to 636 - the logical assumption is that with the additional production in open pit No. 9, the employees would be reduced by an additional 200 jobs. Comparison of these figures to the Luscar operation where 175 employees are producing some 1,150,000 short tons of coal certainly bear out our fears.

Existing contracts with Japan of two million tons per year have twelve years to go. Again by Company admission, no new contracts will be negotiated. They will, however, attempt to obtain an increase in the price per ton.

Financial situation of McIntyre-Porcupine indicates that only an economic, quick cash flow of coal through increased production will meet their contract and proposed Mine No. 9 development plans, and thus keep the operation functionable.

Realistically speaking, 436 jobs are better than no jobs, but it is just not that simple, and you can appreciate our position as well as we acknowledge yours.

Though the future of our Town is at stake, we, as a community, are powerless to effect the necessary action.

In effect, the position of Government at this time might be unpopular to some, we must believe that it has taken a position compatible to long term development.

It is, therefore, imperative that our community be knowledgeable with Government position in order that we may re-adjust our social and economic situation.

2. Alberta Power Ltd.

This industry forms an integral and important part of our economic base at this time and holds the long term future of our Town in the decade ahead.

Operation of the 150,000 kilowatt generating station is tied to the McIntyre-Porcupine operation through the use of middling coal as it's source of fuel.

Observations to date indicate a severe shortage of middling coal to support full production of the generating plant.

It is imperative that every segment of our economic base be re-examined both to short term and long term content, if for no other reason than to rebuild the community confidence in our future.

It is apparent to our community that Government does not share in the confidence of the industry. We feel it is essential that further efforts be made to develop trust and understandings to inherent problems that could have far broader ramifications than just in the industry experiencing them.

3. Kakwa Logging.

Development of our coal resources has resulted in secondary benefits in terms of creating a demand for forest products presently being produced by Kakwa Logging.

Through no fault of the Kakwa Logging operation, and effective March 31, 1973, by your own Provincial Department of Lands & Forest legislation, this Company no longer will have timber resources to continue operation.

In the past, some \$230,000.00 has come into the New Town of Grande Cache economy through wages alone paid to forty employment opportunities this Company has made available to local Metis people.

We, as a Chamber, are greatly concerned when Provincial policy cannot be sensitive to our local economic situations.

In addition, by being at an operational level, we can appreciate more fully the social aspects of this secondary development to a far greater degree than Provincial policymakers will admit.

Again, however, we are stymied to effect change without Provincial awareness and desire to seek solutions.

We would ask a freeze be put on all actions that might impede this operation and assurance of timber be given while we collectively work at seeking a long term policy sensitive to our own situation but within the confines of overall Provincial policy.

4. New Town of Grande Cache.

Created by the former Government, our town is a two fold example;

1. Part of a bold development plan which has taken some \$270 million dollars to develop to date, requiring vision and conviction by both levels of Government and the private sector.

2. Commissioned, launched and set sail with a committed crew of enthusiastic men bent on where they were going, not of where they had been.

The crew was washed overboard, but the ship continues to sail blown about by social and economic winds that were as unpredictable as the weather.

Though we can, as a community, be part of a new crew, it is imperative that ships new captain determine how far off course we are; determine with the crew our bearings and chart a new course which can challenge even the most unpredictable weather.

Last fall we had the opportunity - a lot of new Captains were in our Town but none heeded our pleas.

The verbal plea to Minister Bert Hohol in our communities Council Chamber to help us look at:

"Where we are, and where are we going."
failed to catch fire soon enough to detect the recent thunderstorm we have had.

Certainly, our Town's situation need not be belaboured, however, should be immediately considered in face of the fact that there has been a change of emphasis by the industry which has broad ramifications to the future population growth of this Town.

5. Alberta Resources Railway.

Recent statements in the press by Industry Minister Peacock in connection with negotiations being stalled between Government and the C.N.R. then his announcement just prior to McIntyre-Porcupine Mines, that a settlement with the C.N.R. had been reached and the A.R.R. would be rebuilt, has left the Grande Cache community believing some good does happen with every bad event.

We will, however, not let the A.R.R. decision cloud the social and economic situation facing our Town.

Nor would an early approval of the McIntyre-Porcupine Mine development permits for Mine No. 9 be allowed to redirect the focus away from the attention needed at this time to short and long term implications our Town must be resolved to face.

We must now work collectively at being able to maximize the construction effects of the A.R.R. for the benefit of our Town. It is, therefore, essential we gain additional knowledge into the decision to rebuild in order to prepare our community to take advantage of the situation.

IV.

PREVENTIVE ACTION:

Situations across Canada, but more specifically in Alberta and British Columbia, have clearly illustrated that the time has come for Provincial Governments to take the emphasis off of reviews of the coal royalty level where only the physical resource is being looked at and concentrate their efforts where peoples lives are being effected.

We can legislate for bottles and cans, surely we can legislate to protect the employees and their families and local commerce adversely effected by economic decisions made by industry such as the one recently announced in Grande Cache by McIntyre-Porcupine Mines, and thus minimizing the social and economic havoc that todays announcement has brought.

We, therefore, request the Provincial Government to immediately design policy that will in effect encompass:

(1) Assessment of the TOTAL manpower situation in the coal industry and develop a total plan that will minimize the human casually associated with economic decisions by labour intensified industries consolidating their positions by way of technology.

(2) To revoke the Charter, if necessary, of those Unions not establishing structures within the confines of their respective organizations to work with Government and industry to plan transitional programs of mutual benefit.

(3) Identify immediately those industries and communities susceptible to market fluctuations, obsolescence, social, economical or technological changes of a pronounced effect as experienced here in Grande Cache.

(4) Effect royalty formula that would oblige industries to prepay the costs of technological change or loss of economic base through exhaustion of physical resources. These costs to be subject to the same concessions exploration and construction costs receive so as to not stifle physical resource development.

(5) Enact policy that will give the commerce investor some protection in new resource centers until industry and community stablization is reached. In this way, indirectly encourage the investor to capture his capital investment over a longer period of time. In addition makes provision and allows for consumer prices to be more realistic in new resource centers, discouraging the short term price rip off.

(6) Establish immediately a Provincial Task Force Committee representative of the various Government Departments, to work at making these suggestions a workable policy.

(7) Re-examine Provincial Ministers Portfolios to determine their actions are co-ordinated.

Recent press statements by various Ministers indicate little correlation to their respective department positions.

V.

ALTERNATIVES:

Late last Fall, our community met with Minister Bert Hohol to review our Town's and industry situation.

At that time we made an emphatic plea for a re-assessment of:

Where are we at and where are we going.

Mr. Hohol suggested at that time structuring a committee to liaison directly with the Provincial Government.

It is unfortunate that a crisis had to occur before the realization became apparent that we must establish a District Development Committee, similar in nature to those being activated by Dr. Horner in the Department of Agriculture.

We, therefore request immediate consideration to formally establishing a District Development Board, comprised of representatives from community and Government with resources to define the problems at Grande Cache and initiate positive short and long term actions to alleviate the situation.

Areas For Consideration (not in order of priority).

- (1) Training program for possible open pit mining.
- (2) Expansion of the Forest Industry:
 - (a) Kakwa Logging
 - (b) Proctor & Gamble
 - (c) North West Pulp & Power
 - (d) Plywood Plant
- (3) Utilization of ash at power plant.
- (4) Minimize benefits to Town of A.R.R. construction.
- (5) ARDA - 3B Agreement.
- (6) Relocate Minimum Security Crew working in Edson area for past 10 years.
- (7) Academic up-grading and skill training for those displaced.
- (8) Designation of highway route, Grande Cache to Grande Prairie, with the establishment of construction time targets.
- (9) Gypsum extraction.
- (10) Fish Hatchery.
- (11) Timber salvage on township lines.
- (12) Oil industry development.
- (13) Processing agriculture products from Peace River area.

- (14) Market Garden operation.
- (15) Buffalo Farm.
- (16) Construction of Native houses.
- (17) Re-investment of Provincial revenues from Grande Cache into diversifying local economy.
- (18) Development of water resources to prevent re-occurrence of Sheep Creek flooding and A.R.R. damage.
- (19) Consider highway construction, Grande Cache to Grande Prairie, paid for in part by use of toll fee.
- (20) Re-alignment of development priorities to stabilize areas like Grande Cache before opening up Arctic development.
- (21) Establishment of additional staff to local Department of Lands & Forests, to handle Hinton and Grande Prairie out of Grande Cache.
- (22) Land Use Study for recreational development compatible to the coal industry.
- (23) Development Mine No. 5 into tourist attraction similar to Drumheller area.
- (24) Campsite and park expansion - Pierre Grey Lakes - Grande Cache Lake - Victor Lake.
- (25) Coal gassification plant as a research project.
- (26) Review in total 1966 Planning report of resources available.
- (27) Assume debenture interest charges for Town while economy re-establishes.
- (28) Settlement compensation claims to Native people to enable them to have development capital.
- (29) Assistance in establishing Canadian Youth Hostels.
- (30) Designation of Grande Cache area for local guides and outfitters. Last year 22 outside outfitters exploited our wild life resources.

VI.

CONCLUSIONS:

Premier Lougheed, in recent newspaper release, challenged rural areas to take over development.

Our forestry reserves are held by Proctor-Gamble and North West Pulp & Power.

* Over fifty percent of the volume of pulpwood and saw timber is located within the present pulpwood lease areas, and is, therefore, controlled privately by the pulp companies.

A large proportion of the remainder is in the reserve areas, leaving a small fraction of the total volume in areas outside the leases and reservations.

*Provincial Planning Branch, Dept. Municipal Affairs report, August, 1966.

The fraction outside of private control is now susceptible to Provincial Quota System.

Our coal deposits are secured by:

1. McIntyre Mines - 31,500 acres.
2. Alberta Export Coal. North and West of McIntyre-Porcupine Mines Ltd., with approximately the same area as the Porcupine lease.
3. Pacific Petroleum, Alberta Coal and Canadian Homestead Oil have reservations to the South and East of Grande Cache. They cover an area approximately equal to that of Porcupine Mines and Alberta Export combined.

This illustrates the amount of power we can exercise in accepting the Rural Development Challenge.

Correlation Provincial Department Priorities and Planning Needed

Quoted from Edmonton Journal, January 27, 1973, Hon. Minister C. Copithorne.

"Highway development will be discouraged in rural areas by the Government, the Minister said. Developments such as service stations and motels would be prodded to locate within the rural towns instead."

"Highway 48, which runs into the United States in the South-East corner of Alberta, although traffic on the road is light, Mr. Copithorne said it was necessary to have a first class access road to the U.S.A."

Quoted from the Edmonton Journal, January 27, 1973.

Headline - SERVE ALBERTANS FIRST - Dowling.

"Mr. Dowling said a major project for 1973 will be "taking a look at recreational development for the area just east of the Rockies. "I'd like to see the Rocky Mountain Forestry trunk road paved".

"I must admit, my first priority is for Albertans."

"During 1972 and again during 1973, the Department put a "tremendous emphasis" on encouraging Albertans to see Alberta first."

Quoted from Edmonton Journal, January 27, 1973, Hon. Fred Peacock.

"All sectors of the Provincial economy are healthy" says Fred Peacock, Provincial Minister of Industry and Commerce."

Quoted from Edmonton Journal, January 27, 1973, Hon. Bill Dickie, Provincial Minister Mines & Minerals.

"Mr. Dickie added that the coal industry in Alberta is generally in a difficult position."

Quoted from Edmonton Journal, January 27, 1973, Hon. Bert Hohol, Labour Minister.

"Hohol predicts labour peace in 73."

"A year of peace and quiet on the labour front is the prediction for 1973 of labour Minister Bert Hohol."

"Dr. Hohol said the manpower department will undertake an inventory of the unemployment in Alberta to discover who they are, where, their sex, their training, locale, industry - everything."

Quoted from the Edmonton Journal, January 27, 1973, Hon. Fred Peacock, Minister of Industry & Commerce.

"He predicts growth to continue and says the growing strength of the Japanese economy should lead to further coal exports and better prices."

Quoted from Edmonton Journal, January 27, 1973.

"Major new developments expected by end of decade for western coal."

"New export contracts for Western Canadian coking coal will not likely be signed during 1973."

"Many people in the coal industry expect that possible major coal developments will have to mark time for another twelve months while the consumption of coking coal catches up with available supply."

"The vast reserves of thermal coal found in Alberta's plains and foothills will also likely have to wait for some time before they can find their way to markets in Japan, Europe, Ontario or even the United States."

"With the possibility of one or two exceptions, Western Canada's coal production will remain on a plateau for at least the next three or four years, say industry experts."

The solutions are not easy, nor are they clear cut. A great deal of input from all sectors will be required before firm policies can be resolved.

We have attempted to sort through the kaleidoscope and offer some positive alternatives and are prepared to work at developing some action now.

